

Section III:
AMENDMENT UNDER 37 CFR §1.121 to the
DRAWINGS

No amendments or changes to the Drawings are proposed.

Section IV:
AMENDMENT UNDER 37 CFR §1.121
REMARKS

Withdrawal of Previous Rejections

Applicant appreciates the reconsideration and withdrawal of the previous rejections of claims 1 - 21 over Johnson in view of Goldberg.

Rejections Under 35 U.S.C. §103(a)

In the Office Action, Claims 1 - 21 were rejected under 35 U.S.C. §103(a) as being unpatentable over newly-cited Herman (US 2005/234811) in view of previously-cited Goldberg. The citations listed in the reasoning for the rejections refer to columns and paragraph numbers, but Herman's disclosure is of the newer format which only uses paragraph numbers (no column numbers). The cited paragraph numbers do not match the columns of Herman's disclosure, but it is believed that the Examiner intended to cite *page* numbers in place of the column numbers. The following reply is made with this assumption. If this is incorrect, Applicant requests clarification from the Examiner so that proper consideration of the reasons for rejection and proper reply can be made.

Claims 1 - 6. In making the rejection of Claims 1 - 6, the Examiner has cited Herman's Claim 22 and paragraphs 0178 and 0176.

Applicant respectfully points out that Herman's published patent application US 2005/234811 was filed nearly 5 years after the filing date of Applicant's patent application, and that in order for Herman's published patent application to serve as prior art, all relied upon passages must find support in Herman's parent filing 09/649,400.

Herman's Claim 22 is not Supported by Herman's Parent Application. Applicant respectfully points out that Herman's Claim 22 does not appear in the parent filing 09/649,400, and thus this passage is not available as prior art against Applicant's claims.

Herman's Method I Not Preventing Intermediary Party from Accessing Sealed Bids.

Applicant has claimed:

" . . . preventing transfer of sealed bids from said bid repository to a trader . . . ".

Applicant's "trader" is referring to an "intermediary third party between a bidder and an offeror", as claimed and disclosed.

Herman has not disclosed a third party who is intermediate between a bidder and an offeror. Instead, according to Herman's figure 1a, Herman's bidding is between two parties - a "vendor" (presumably corresponding to Applicant's "offeror"), and a "buyer" (presumably corresponding to Applicant's "bidder"). Herman's "service bureau" is not a trader as defined by the Applicant, but instead is a broadcaster of the event (para. 0183).

Please note that Herman's paragraph 0176 (Method I) states explicitly that the "buyer is denied access" to the sealed bids, which presumably would correspond to Applicant's "bidder", not to Applicant's "trader", and not to the offeror or vendor. Herman's paragraph 0176 is silent regarding denying access to the "vendor" or to the "service bureau. Applicant respectfully submits this is not the same as the claimed denial of access to sealed bids by a trader who functions intermediate between the offeror and the bidder.

Please also note that Herman's paragraph 0178 (Method III) does not disclose denial of access to sealed bids, as in their Method I, but instead *allows* the buyer (not the vendor) to have access to sealed bids *before a deadline*, but such early access is recorded so that other parties to the auction may know that the sealed bid approach was not followed. Applicant respectfully submits this is not the same as the claimed denial of access to sealed bids by a trader who functions intermediate between the offeror and the bidder.

For these reasons, Applicants submit that Herman fails to disclose or suggest the claimed steps, elements, and limitations as proposed in the Office Action. Allowance of Claims 1 - 6 is respectfully requested.

Goldberg's Encrypted Containers are not the same as Preventing Transfer of Sealed

Bids. With respect to Goldberg's disclosure, Applicant's previous Appeal Brief contains argument regarding the difference that Goldberg uses an encrypted container to protect sealed

bids, not an active process to prevent transfer of sealed bids to a trader's console as claimed. Applicant maintains all previous arguments regarding Goldberg. In particular, Goldberg's embodiment uses a secure container (col. 7 lines 23 - 44), not a sealed bid indicator to prevent transfer of a bid. Instead, Goldberg's system *always transfers* the sealed bid to the auctioneer, but only an auctioneer who has the key to decrypt the encrypted container can open or view the bid details.

Encryption of bids is not the same as controlling the transfer of bids as Applicant has claimed, however. In Goldberg's arrangement, the bids are always transferred (not prevented from transfer if the bid is sealed, as claimed), and Goldberg's bids are transferred to an auctioneer (e.g. the "offeror") (not a trader as claimed). In order for Goldberg's method to be at least similar to unsealing, there would have to be some sort of disclosure about the encryption preventing opening of the bid, even with a valid password, until a certain time in the auction process, whereas the term "sealed" in auction parlance implies prevention of opening or reviewing the bid details until a certain condition (such as the auction bid close time) have occurred. Applicant's system achieves this functionality not by encrypting the bids and always transferring them, but by preventing the transfer of the bids in the first place.

Ordinary Skill Level in the Art not Determined. With respect to the determination of obviousness under 35 U.S.C. 103(a), the Examiner is a fact finder required to resolve *Graham* inquiries ("Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*, Fed. Reg., Vol. 72, No. 195, October 10, 2007).

According to the Court in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), it is critical to determining obviousness under 35 U.S.C. §103 to ascertain the level of ordinary skill in the art, whereas this is pivotal in the language and standard set forth in the law at §103.

In the Office Action, the Applicant has not been notified what was considered to be the level of ordinary skill in the art. It is not clear if any of the criteria under the third factual inquiry of *Graham v. John Deere*, as set forth in *Environmental Designs, Ltd. v. Union Oil*, 713 F.2d 693, 696, 218 USPQ 865, 868 (Fed. Cir. 1983) and in *Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc.*, 796 F.2d 443, 449-450, 230 USPQ 416, 420 (Fed. Cir. 1986) were considered, such as:

- (1) the educational level of the inventor,

- (2) the type of problems encountered in the art,
- (3) the prior art solutions to those problems,
- (4) the rapidity with which innovations are made by others, not including the inventor,
- (5) the sophistication of the technology, and
- (6) the educational level of active workers in the field not including the inventor.

Applicant respectfully submits that a holding of obviousness is improper without this factual determination by the Examiner, and requests withdrawal of the rejections of claims 1 - 6.

Unreasonable Step in Logic Required. The proposed combination of Herman with Goldberg would require an unreasonable step in logic and reasoning for one of ordinary skill in the art to somehow replace Goldberg's always-transferred encrypted bids with Herman's prevented-transfer bids, and to modify Herman's prevention of transfer to an intermediary trader rather than to the bidder or buyer.

Herman in view of Goldberg is Not Enabling. Applicant respectfully submits that there is insufficient disclosure between Goldberg and Herman to provide enabling information to one of ordinary skill in the art to somehow replace Goldberg's always-transferred encrypted bids with Herman's prevented-transfer bids, and to modify Herman's prevention of transfer to an intermediary trader rather than to the bidder or buyer.

Claims 7 - 12 and 13 - 21. Claims 7 - 12 set forth computer readable medium claims corresponding to claims 1 - 6, and claims 13 - 21 set forth system claims corresponding to claims 1 - 6. In the Office Action, the rationale for the rejections of claims 1 - 6 was applied to claims 7 - 21.

Applicant respectfully disagrees for the same reasons as set forth in the foregoing paragraphs, including that Herman fails to teach or suggest preventing a trader party intermediate between an offeror and a bidder from accessing sealed bids, and that the rejections under 35 U.S.C. §103(a) are improper for failure to notify the Applicant of what level of skill was determined to have been "ordinary" at the time of Applicant's filing per the third *Graham* inquiry. For these reasons, Applicant respectfully requests allowance of Claims 7 - 21.

For the foregoing reasons, Applicant respectfully submits that Claims 1 - 21 are patentably distinct over Herman in view of Goldberg. Allowance of all claims is respectfully requested.

Respectfully,

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